

Tables

1	Medicare and rural health care: overview and challenges for policymakers	1
1-1	Percentage of rural hospital markets with selected characteristics, by region	11
1-2	Isolated and low-volume hospitals, by location	14
1-3	Rural hospital diversification, by location	14
1-4	Per capita use of services by beneficiaries in traditional Medicare, by type of service and location of county, 1999	19
2	Rural beneficiaries' access to care	23
2-1	Selected beneficiary characteristics, by location of county, 1999	28
2-2	Beneficiary satisfaction with care, by location of county, 1999	29
2-3	Beneficiary access to care, by location of county, 1999	31
2-4	Beneficiary insurance status, by location of county, 1999	32
3	Quality of care in rural areas	39
3-1	Aggregate use of recommended services by beneficiaries in 1998–1999, by location of county	43
3-2	National health improvement clinical topics and performance indicators for the peer review organizations	46
4	Improving payment for inpatient hospital care in rural areas	53
4-1	Policy options for inpatient hospital care covered by the Medicare prospective payment system in rural areas	57
4-2	Hospital financial performance, by urban and rural location, 1999	60
4-3	Total value of Medicare special payment provisions for urban and rural hospitals, 2000	61
4-4	Hospital financial performance, by urban and rural location, 1999	61
4-5	Financial performance of hospitals, by discharge volume, 1999	66
4-6	Distribution of low volume hospitals, by hospital type, 1997	67
4-7	Impact on Medicare inpatient margins of implementing a low-volume adjustment with an access-related eligibility requirement	69
4-8	Percentage change in wage index and prospective payment system payments under selected policies	73
4-9	Hospitals sheltered by labor market average wage rate	76
4-10	Hospitals affected by a wage index floor of 0.9, by financial status under Medicare's inpatient prospective payment system, fiscal year 1999	76
4-11	Impact on Medicare inpatient margins of phasing out teaching salaries and certified nurse anesthetists	77

4-12	Components of national labor share for hospital inpatient care	79
4-13	Effect of wage index adjustment on labor share	79
4-14	Urban and rural hospitals' shares of low-income patient costs and disproportionate share payments	81
4-15	Impact on Medicare inpatient margins of raising the cap on disproportionate share payments to 10 percent	81
4-16	Payment formulas required to implement MedPAC's recommendation on disproportionate share payments	82
4-17	Patient and psychiatric facility characteristics, by facility type and urban or rural location	83
4-18	Hospital-based units' length of stay and cost per case	84
5	Assessing payment for outpatient hospital care in rural areas	87
5-1	Medicare costs as percent of total hospital costs, 1999	91
5-2	Outpatient costs as percent of total Medicare costs, 1999	93
5-3	Medicare margins, by hospital type, 1999	93
5-4	Outpatient service mix, urban and rural hospitals, 1999	95
5-5	Outpatient service mix, rural hospitals, 1999	96
5-6	Future policy options for outpatient payments to rural hospitals	99
6	Prospective payment for home health services in rural areas	103
6-1	Total admissions to home health, by diagnosis, urban and rural agencies	108
6-2	Home health visits and therapy visits, by location of patient's county of residence, 1999	109
6-3	Home health visits, by location of patient's county of residence and location of agency, 1999	109
6-4	Number of home health agencies, by ownership of facility, 1997 and 2001	110
7	Bringing Medicare+Choice to rural America	113
7-1	Percentage of beneficiaries with any Medicare+Choice health maintenance organization in their county in 2001, by location of county and 2000 payment rate	117
7-2	For beneficiaries with a health maintenance organization available, prescription drug coverage and premiums in 2001, by location of county	118
8	Reviewing the estimated payment update for physician services	125
8-1	HCFA estimates of factors in sustainable growth rates, 2001–2002	129
8-2	HCFA estimate of the update for physician services for 2002	130

Appendixes

A Clinically based indicators of access to care for Medicare beneficiaries133

- A-1 Clinically based indicators of access to needed care for elderly Medicare beneficiaries with certain diagnoses136

C Financial performance of rural hospitals and the value of special payment policies145

- C-1 Inpatient Medicare, overall Medicare, and total margins, by rural hospital groups, 1999149
- C-2 Hospital Medicare inpatient margin and percent of hospitals with negative margin, by hospital location, 1999150
- C-3 Hospitals in special payment policy groups, by urban and rural location, 2000150
- C-4 Rural special payment groups: number receiving additional payments and value of payments, 2000151
- C-5 Value of payment policies that affect both urban and rural hospitals: geographic reclassification, disproportionate share, and indirect medical education payments, 2000151
- C-6 Value of special payment provisions for urban and rural hospitals, 2000152
- C-7 Hospital total margin and percent of hospitals with negative margin, by hospital location, 1999155

Figures

1	Medicare and rural health care: overview and challenges for policymakers	1
1-1	Defining urban and rural	5
1-2	Locations of rural hospitals	6
1-3	Definition of urban influence codes	7
1-4	Rural markets with small population base	10
1-5	Rural markets with declining and aged populations	10
1-6	Rural markets with low income and high unemployment	12
1-7	Rural markets with a disproportionate minority population	12
1-8	Isolated rural hospitals	13
1-9	Low-volume rural hospitals	13
1-10	Urban and rural beneficiaries use similar amounts of services, but use rates differ among regions	16
1-11	Counties with high and low use of services	17
4	Improving payment for inpatient hospital care in rural areas	53
4-1	Relationship between hospital discharge volume and costs per case, 1997	66
4-2	Cumulative change in length of stay, by location of hospital (UIC), 1990–1999	70
4-3	Distributions of hospital wage index values among urban and rural labor markets in fiscal year 2001	72
4-4	Hospital wage rates in low-wage areas are higher than expected	74
4-5	Medicare inpatient margins by wage index value, urban and rural hospitals, 1999	75
4-6	Labor market areas for the hospital wage index	78
5	Assessing payment for outpatient hospital care in rural areas	87
5-1	Outpatient volume-cost relationship, 1996	98
7	Bringing Medicare+Choice to rural America	113
7-1	2001 Medicare+Choice payment rates	117
8	Reviewing the estimated payment update for physician services	125
8-1	Medicare Economic Index, 1992–2002	129

Appendixes

C	Financial performance of rural hospitals and the value of special payment policies	145
C-1	Medicare inpatient hospital margin, by urban and rural location, 1990–1999	148
C-2	Percent change in cost per case, urban and rural hospitals, 1991–1999	148
C-3	Percent change in length of stay, urban and rural hospitals, 1991–1999	149
C-4	Overall Medicare margin including graduate medical education, urban and rural hospitals, 1996–1999	153
C-5	Private payer and Medicaid payment-to-cost ratios, urban and rural hospitals, 1992–1999	153
C-6	Medicare, Medicaid, and private-payer cost share, urban and rural hospitals, 1999	154
C-7	Total margin, urban and rural hospitals, 1990–1999	154